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I. Economic Intelligence Production

1. During the review period, the Industrial Division continued to place emphasis on reporting, analyzing and evaluating the economic aspects of Soviet military technology and supporting scientific activities. Significant contributions were made to National Intelligence Estimates on Soviet Science and Technology and Soviet Capabilities for Strategic Attack through Mid-1964. The latter contribution concluded that a Soviet policy of deliberate surprise attack against Western retaliatory forces with ICBMs at any time through mid-1964 would require an unreasonably large military and industrial effort by the USSR and that Soviet policy would therefore be to build up as rapidly as possible a large deterrent ICBM force with a limited pre-emptive attack capability. In a contribution to OMAIC for the National Intelligence Estimate on Soviet Capabilities in Guided Missiles and Space Vehicles, the present status of Soviet missile production programs was estimated and some of the general factors affecting Soviet capabilities to produce and deploy operational missiles were analyzed.

2. Scepticism of alleged Chinese Communist production achievements during the "leap forward", which was expressed by the Division in its contribution to the National Intelligence Estimate on Communist China, was confirmed by the Chinese Communists' own critical evaluation of the strains and dislocations caused by the indiscriminate mass campaigns of 1958. Whereas the resulting estimate concludes that the prospects for future growth are reasonably favorable, it shows increased awareness of the costs as well as the benefits of the "leap forward".

3. The first fruits of a comprehensive publication program regarding Soviet military expenditures appeared in the form of a detailed study on Soviet Military Personnel Pay. Other reports to appear in the near future include those on Soviet Military Prices and Ruble/Dollar Ratios and Soviet Military Manpower.

4. The Division completed Section 64 (Manufacturing and Construction) of the USSR National Intelligence Survey. Section 64 for East Germany, submitted during the previous review period, has subsequently been given OBI's highest qualitative rating.

5. Other studies on priority subjects included reports on the electronics industries of East Germany and Communist China, the Soviet electron tube industry, and the production and use of semi-conductors in the USSR. Another report, completed during the period and now being coordinated, estimated the production and cost of procurement of Soviet aircraft from 1955 to mid-1959.

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II. Major Intelligence Gaps

6. Serious gaps in intelligence continue to hamper research on total Soviet military expenditures and the underlying size, composition and cost of Soviet military programs, particularly with regard to the scope of activities covered by the explicit Soviet defense budget and the economic impact and magnitude of the Soviet missile program. The continued lack of direct information on production facilities and deployment activities in the guided missile field is particularly serious.

7. Sufficient data are also lacking on over-all Soviet requirements for electronics equipment and other strategic equipment necessary for the guided missile and atomic energy programs, as well as detailed information on Soviet production of military-end items.

III. Dissemination and Utilization of OHR Products

8. The Division continued its role as a major producer for USIB of intelligence on the production, deployment and transport aspects of Soviet guided missile activity. Finished intelligence contributions were introduced into national intelligence through GMAIC, on which the Division is represented, and the Office of National Estimates.

9. Considerable support was rendered to interagency groups concerned with export control. This support took the form of providing intelligence at meetings of technical task groups and of preparing fact sheets which presented the supply situation for various items of machinery and equipment in countries of the Sino-Soviet Bloc.

10. The Division continued to support the targeting efforts of the Department of the Air Force and submitted revised 1958 production estimates for selected Sino-Soviet Bloc industries.

11. Material provided to the Department of State on various types of equipment that the USSR could export to the United States was contained in a study which was submitted to the Senate Foreign Relations Committee.

IV. Guidance to Collectors and Intelligence Collection Activities

12. A major Division effort has been devoted to improving and expanding the collection of information from a variety of sources on Soviet guided missile production and deployment activities. This has resulted in the assignment of two guided missile analysts [redacted] to assist in DD/P's 25X1A6a exploitation program of [redacted]. A potentially 25X1X7 similar program relating [redacted] is currently under review. A special Office of Operations project directed primarily at the collection 25X1X7 [redacted] 25X1X1

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Union has provided information which although limited to date has been generally encouraging. At the request of overt and covert collectors, collection guides on various aspects of Soviet guided missile activities have been prepared and disseminated. In addition, guided missile analysts have participated in weekly briefings of members of the clandestine services and have presented lectures at Agency and non-Agency training courses.

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14. Reports received from the military services continue to be of the greatest value in the production of intelligence on the Soviet aircraft industry.

V. Coordination of Economic Intelligence

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15. Coordination between the Division and various agencies continued through exchanges of reports and personnel.

16. Effective working level coordination between the military branches of the Division and their service counterparts continued throughout the period. As an example, several meetings were held between analysts of the Shipbuilding Branch and representatives of ONI and JCS regarding Soviet nuclear submarine construction. Also, estimates of USSR ship construction were coordinated in the appropriate EIC subcommittee.

VI. Speed of Intelligence Communications

17. At the time of the "Berlin crisis", the Division recommended various measures to the clandestine services whereby reporting on guided missile activities collected in Western Europe could be expedited to headquarters. This recommendation has resulted in a considerable lessening in the time lag of reporting between collector and consumer.

VII. ELINT

18. During the review period, CRR established a group of senior analysts to study the usefulness of [REDACTED]

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[REDACTED]. At the present stage of investigation, a wide range of intelligence problems is being considered, although the value of this type of source material will be primarily determined by the ability to [REDACTED]

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